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The Honorable William V. Roth, Jr.
Chairman, Committee on Governmental
Affairs
United States Senate

Dear Mr. Chairman:

This is in response to your request for our [comments on S. 808]. The bill, if enacted, would amend title 5 of the United States Code by establishing a new salary classification system for air traffic controllers, a shorter workweek, a special retirement plan, and the right to collectively bargain for wages and benefits.

We cannot support the enactment of S. 808. We know of no justification for the generous and costly changes that the bill proposes. Furthermore, the cumulative effect of all the proposed changes in the bill would essentially make controllers unrecognizable as Federal employees by exempting them from most of the title 5 provisions that govern other Federal employees.

The Federal Aviation Administration (FAA) estimates that S. 808 would cost the Government over \$1 billion in the first year. The need for these expenditures is questionable, especially in view of the fact that FAA is not experiencing any problems in recruiting or retaining controllers. For example, FAA has accepted applications for employment only twice nationwide in the last 3 years. Currently, 6,000 candidates are on the employment registers, and the FAA expects to hire only 200 in fiscal year 1981. Retention of controllers at full performance levels has averaged approximately 95 percent.

Our specific comments and analysis of the bill provisions follow.

NEW SALARY CLASSIFICATION SYSTEM

S. 808 would provide a new salary classification system for air traffic controllers. Specifically, the proposed salary schedule, which is derived from the General Schedule, would provide all controllers an immediate \$10,000 across-the-board pay increase and an automatic annual pay increase of 10 percent. The bill also

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accelerates the within grade advancement system by allowing controllers to receive annual step increases. Furthermore, the bill would index controllers' basic pay to the Consumer Price Index (CPI) and would provide semiannual cost-of-living adjustments that increase (but never decrease) pay by 1.5 percent for each 1-percent increase in the CPI. In addition, the bill would allow shift, weekend, and training pay differentials that are far above those received by other Federal employees. Further, all of the elements of this new pay system would be exempt from any pay ceiling imposed by law on other Federal employees.

We estimate that if S. 808 were enacted, the senior controllers would receive approximately \$125,000 a year in basic pay within 5 years. Air traffic controllers are already among the highest paid Federal employees. For example, in 1980, the average salary of full performance controllers at centers and terminals was about \$35,000, in comparison to the average General Schedule salary of about \$20,000. According to FAA, approximately 88 controllers exceeded the \$50,112 pay ceiling because they are covered under the Fair Labor Standards Amendments of 1974 (Public Law 93-259). Under this law, controllers' premium pay is not subject to the aggregate (\$50,112.50) limitation imposed under 5 U.S.C. 5547 on most other Federal employees.

The 10-percent annual pay increase for all controllers and the additional semiannual increases in basic pay indexed to 1.5 percent for each 1-percent increase in the CPI would be much greater than increases granted other Federal employees. Also, the proposed shift, weekend, and training differentials could increase controllers' basic pay by over 50 percent a year. We are not aware of any reason why these differentials should be far more generous than those paid to other Federal employees.

SHORTER WORKWEEK

The bill proposes to reduce the controllers' basic workweek from 40 hours to 32 hours. Time in excess of 32 hours a week or 8 hours a day would be payable at overtime rates. The reduction of the controllers' workweek to 32 hours would necessitate either a 20-percent increase in controller staffing or an extended use of overtime pay. The 20-percent increase in staffing only partially describes the expense to the Government. The FAA estimated that it cost \$169,000 over 5 years to train each controller to the full performance level. Approximately 3,500 controllers would be required to fill the staffing shortfall. Training additional controllers will cost an estimated \$600 million. We do not believe there is adequate justification for the Government to adopt a shorter workweek for controllers especially in view of the additional cost that would be involved.

SPECIAL RETIREMENT PLAN

The proposed retirement benefits for controllers establishes an extremely favorable computation formula and a shorter time period to achieve eligibility for retirement. In addition, the bill requires FAA to fully fund all retirement provisions immediately upon enactment.

The bill provides controllers with more liberal retirement benefits by allowing them to be eligible for early retirement after 15 years of service and full retirement after 20 years, regardless of age. Currently, controllers are allowed to retire on an immediate, unreduced annuity at age 50 with 20 years of service or at any age with 25 years of service. At 20 years, controllers would receive under this bill 75 percent of their highest annual gross salary--not the current 50 percent of their average "high-3" basic pay. Also, after achieving full retirement eligibility, they are allowed to add to the 75 percent of their highest annual gross salary 2 percent for each year of service beyond 20 years. Assuming that an air traffic controller began his career somewhere around age 20, which is not unusual, he would be able to retire at about 105 percent of his highest annual gross salary if he remained working until age 56, the date of mandatory separation from service for air traffic controllers under 5 U.S.C. 8335(a). If that same controller received an exemption from the Secretary of Treasury and remained working until age 61, as prescribed under section 8335(a), he would retire at about 115 percent of his highest annual gross salary (basic pay, premium pay, and pay differentials). Under these provisions, an air traffic controller could work overtime to the maximum extent possible during his last year of service and greatly increase his retirement benefits.

The bill also provides that the retirement annuity of air traffic controllers would be increased semiannually by the percentage increase in the CPI or 7 percent, whichever is larger. At present, Federal retirees receive semiannual retirement annuities based on the CPI increases, a process that results in more generous increases than those provided to private sector retirees. Allowing an employee to retire at a higher annuity than his highest annual gross salary and then guaranteeing an increase in that base of at least 14 percent annually regardless of economic conditions would be even more generous.

COLLECTIVE BARGAINING FOR WAGES AND BENEFITS

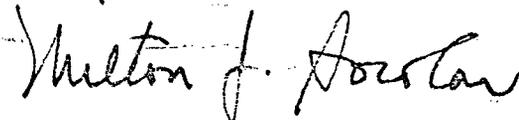
The bill proposes to amend title 5 of the United States Code by allowing the controllers the right to bargain collectively for wages, hours, conditions of employment, and the rate of accrual

of annual and sick leave. It also provides the controllers the right to engage in "concerted activities" for the purpose of collective bargaining.

The term "concerted activities" traditionally has been interpreted in the personnel and labor relations fields as meaning the right to strike. If this is the purpose of the bill, we do not believe this provision would be sound public policy.

In the past, GAO has commented on other pay reform and retirement legislation for air traffic controllers and concluded that more liberal benefits were unwarranted. Our evaluation of this bill, S. 808, is the same. Since no compelling reasons other than a desire by controllers for significantly greater pay and benefits have been offered to justify enactment, we must oppose passage of S. 808, particularly in these times of budgetary restraint.

Sincerely yours,



Acting Comptroller General
of the United States